COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

* * * * *

In the Matter of:

APPLICATION OF LAKE VILLAGE WATER ASSOCIATION FOR AN ADJUSTMENT OF RATES PURSUANT TO THE ALTERNATIVE PROCEDURE FOR SMALL UTILITIES	)))))	CASE NO. 8869

O R D E R

IT IS ORDERED that Lake Village Water Association shall file an original and seven copies of the following information with the Commission with a copy to all parties of record by September 23, 1983. If neither the requested information nor a motion for an extension of time is filed by the stated date, the case may be dismissed.

1. Provide a billing analysis so that present and proposed revenue can be readily determined in accordance with the instructions in Attachment A to this Order.

Done at Frankfort, Kentucky, this 14th day of September, 1983.

PUBLIC SERVICE COMMISSION

For the Commission

ATTEST:

Secretary

Attachment A

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE COMMISSION IN CASE NO. 8775 DATED September 14, 1983.

BILLING ANALYSIS

The billing analysis is the chart reflecting the usage by the customers as well as the revenue generated by a specific level of rates. A billing analysis of both the current and proposed rates is mandatory for analysis of a rate filing. The following is a step-by-step description which may be used to complete the billing analysis. A completed sample of a biling analysis is also included.

a. Usage Table (Usage by Rate Increment)

Information needed to complete the usage table should be obtained from the meter books or other available usage records. The usage table is used to spread total usage into the proper incremental rate step. Initial recording of usage should be in 100 gallon increments. Where there are only a few very large users or contract customers, actual usage should be used. Usage between 0-100 gallons should be shown as 100, between 101-200 as 200, etc. The usages and customers are then combined for purposes of the usage table as follows:

Column No. 1 is the incremental steps in the present or proposed rate schedule for which the analysis is being made. Column No. 2 is the number of bills in each incremental rate step. Column No. 3 is the total gallons used in each incremental rate step. Columns Nos. 4, 5, 6, 7, 8 and 9 are labeled to correspond to the incremental rate steps shown in Column No. 1 and contains the actual number of gallons used in each incremental rate step.

Example for completing Usage Table is as follows:

Column No. 1 is incremental rate steps.

Columns No. 2 and 3 are completed by using information obtained from usage records.

Columns No. 4, 5, 6, 7, 8, and 9 are completed by the following steps:

Step 1: 1st 2,000 gallons minimum bill rate level
432 Bills
518,400 gallons used
All bills use 2,000 gallons or less, therefore, all usage is recorded in Column 4.

Step 2: Next 3,000 gallons rate level
1,735 Bills
4,858,000 gallons used
1st 2,000 minimum x 1,735 bills = 3,470,000 gallons - record in Column 4
Next 3,000 gallons - remainder of water over 2,000 = 1,388,000 - record in Column 5

Step 3: Next 10,000 gallons rate level
1,830 Bills
16,268,700 gallons used
1st 2,000 minimum x 1,830 bills = 3,660,000 gallons - record in Column 4
Next 3,000 gallons x 1,830 bills = 5,490,000 gallons - record in Column 5
Next 10,000 gallons - remainder of water over 3,000 = 7,118,700 gallons - record in Column 6

Step 4: Next 25,000 gallons rate level
650 bills
15,275,000 gallons used
1st 2,000 minimum x 650 bills = 1,300,000 gallons record in Column 4
Next 3,000 gallons x 650 bills = 1,950,000 gallons record in Column 5
Next 10,000 gallons x 650 bills = 6,500,000 gallons - record in Column 6
Next 25,000 gallons - remainder of water over 10,000 gallons = 5,525,000 gallons - record in Column 7

Step 5: Over 40,000 gallons rate level
153 bills
9,975,600 gallons used
1st 2,000 minimum x 153 bills = 306,000 gallons - record in Column 4
Next 3,000 gallons x 153 bills = 459,000 gallons - record in Column 5
Next 10,000 gallons x 153 bills = 1,530,000 gallons - record in Column 6
Next 25,000 gallons x 153 bills = 3,825,000 gallons - record in Column 7
Over 40,000 gallons - remainder of water over 25,000 = 3,855,600 gallons - record in Column 8

Step 6: Total each column for transfer to Revenue Table.

b. Revenue Table (Revenue by Rate Increment)

Revenue Table is used to determine the revenue produced from the Usage Table. Column No. 1 is the incremental rate steps in the rate schedule for which the analysis is being made. Column No. 2 indicates the total number of bills. Column No. 3 is the number of gallons accumulated in each rate increment (Totals from Columns 4, 5, 6, 7 and 8 of the above usage table). Column No. 4 is the rates to be used in determining revenue. Column No. 5 contains revenue produced.

Example for completing Revenue Table is as follows:

Complete Columns no. 1, 2 and 3 using information from Usage Table.

Complete Column No. 4 using rate either present or proposed.

Column No. 5 is completed by first multiplying the bills times the minimum charge.

Then, starting with the second rate increment, multiply Column No. 3 by Column No. 4 and total.

Revenue from Present/Proposed Rates

Test Period from 1-1-81 to 12-31-81

USAGE TABLE
Usage by Rate Increment

ss: Residential

(1)	(2) Bills	(3) Gallons/MCF	(4) 1st 2,000	(5) Next 3,000	(6) Next 10,000	(7) Next 25,000	(8) Over 40,0	
2,000: Minimum Bill	432	518,400	518,400					
3,000 Gallons	1,735	4,858,000	3,470,000	1,388,000				
10,000 Gallons	1,830	16,268,700	3,660,000	5,490,000	7,118,700			
25,000 Gallons	650	15,275,000	1,300,000	1,950,000	6,500,000	5,525,000		1
40,000 Gallons	153	9,975,600	306,000	459,000	1,530,000	3,825,000	3,855,600	9
Total	4,800	46,895,700	9,254,400	9,287,000	15,148,700	9,350,000	3,855,600	46,89

REVENUE TABLE
Revenue By Rate Increment

(1)	(2) Bills	(3) Gallons/MCF	(4) Rate	(5) Revenue
2,000: Minimum Bill	4,800	9,254,400	$5.00 Min.	$24,000.00
t 3,000 Gallons		9,287,000	2.50	23,217.50
t 10,000 Gallons		15,148,700	2.00	30,297.40
: 25,000 Gallons		9,350,000	1.25	11,687.50
: 40,000 Gallons		3,855,600	.75	2,891.70
				$92,094.10 Total Revenue